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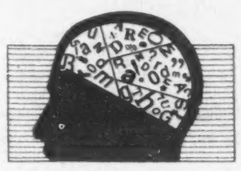
Random Thoughts



By SANFORD ROSE

Some banks are getting an unexpected bonanza from the money market deposit account or MMDA. As consumers transfer cash from the money funds, they initially deposit the money in a demand deposit account before shifting to an MMDA. Thus the average level of free-money balances has risen at some institutions, decreasing the fourth-quarter reliance on interest-bearing liabilities and thus raising the net interest margin.

□□□

Where is the money flowing into MMDAs coming from? A great deal of it is obviously coming out of passbook accounts, but one large money center institution reports that a disproportionate quantity is migrating from six-month certificates (MMCs) and nonnegotiable CDs.

According to a senior executive of that bank, the shift from six-month MMCs to shorter-term MMDAs is likely to continue. In consequence, the yield curve, which was artificially flattened when consumers originally went into MMCs — not out of choice but rather

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Fidelity Offers Asset Account; Cirrus Network Used Interstate

By LAURA GROSS

NEW YORK — The first interstate cash withdrawal using the Cirrus system was accomplished last week by Thomas H. Jeffs, executive vice president, the National Bank of Detroit.

Mr. Jeffs withdrew $100 from his NBD account at a First Interstate Bank branch in Chula Vista, Calif. He followed this up with a balance inquiry that, he said Monday in a telephone interview, produced the correct figure.

All 12 Cirrus directors were present for the initial transaction. And when it was accomplished perfectly on the first try, there was an instant cheer, reported Walter R. Miller Jr., vice chairman of Cirrus and senior vice president, retail

➤➤ Cirrus: Page 17

By GORDON MATTHEWS

NEW YORK — The Fidelity Group Monday said it will offer an asset management account linked to the Fidelity Daily Income Trust. It is the first such account by a mutual fund group and also the first including direct payroll deposit and telephone bill-paying.

Money fund shareholders who opt for the Fidelity Ultra Service Account, or "Fidelity USA," beginning Feb. 1, may also have unlimited use of a MasterCard II debit card issued by Fidelity Management Trust Co. of Boston.

At the same time, Fidelity said it is ending limits on check-writing for the

➤➤ Fidelity: Page 17

Holiday Clubs Had Sluggish Growth

By THERESIA GERBER

NEW YORK — Holiday club payouts at credit unions grew at a significantly higher rate than at banks and thrift institutions in 1982, the American Banker's annual survey finds.

The major reason for the higher growth of club payouts at credit unions is that a sizable portion of the credit unions surveyed were offering rates ranging from 6% to 7% on their club accounts.

These rates are as much as 175 basis points higher than the 5.25% offering rate for club accounts at commercial banks and 150 basis points higher than the 5.50% offering rate for these accounts at thrift institutions.

Holiday Club Tables Begin on Page 8

Holiday club payouts at commercial and savings banks rose only 1.6% in 1982, after growing at a record low pace of 1.4% in 1981. In 1980, holiday club

➤➤ Holiday Clubs: Page 10

Chase Earnings Drop 30% in Quarter

By JOHN P. FORDE and TERESA CARSON

NEW YORK — Chase Manhattan Corp., the nation's third-largest bank holding company, Monday reported a 30% drop in fourth-quarter profits as net interest income declined and nonperforming loans increased.

Chase's fourth-quarter income before securities transactions totaled $108 million, or $2.78 a share, compared with $154 million, or $4.40 a share in the fourth quarter of 1981. In the third quarter of 1982, Chase reported earnings of $124 million, or $3.25 a share.

The decline was larger than analysts expected, with most predicting earnings of about $3 or $3.10 a share. These estimates anticipated narrower net interest margins and flat domestic loan demand.

So far, money center banks have generally reported better-than-expected earnings, compared with the year-ago quarter. Last week, Chemical New York Corp. reported a 38% increase in earnings, while J.P. Morgan & Co. Inc., which analysts had estimated would show a decline, reported a 5% increase.

Fully taxable net interest income at Chase dropped to $565 million from $586 million in the fourth quarter of 1981 and $577 million in the third quarter of 1982. Chase's net interest

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Largest Holiday Clubs of 1982

The growth in holiday club payouts continued weak at banks in 1982, slowed considerably at savings and loan associations, but remained strong at credit unions. Tables show all banks with $1 million or more in holiday clubs and all S&Ls and credit unions responding to the annual survey. Breakdowns include club accounts by type and payment schedule. Tables begin on page.....8

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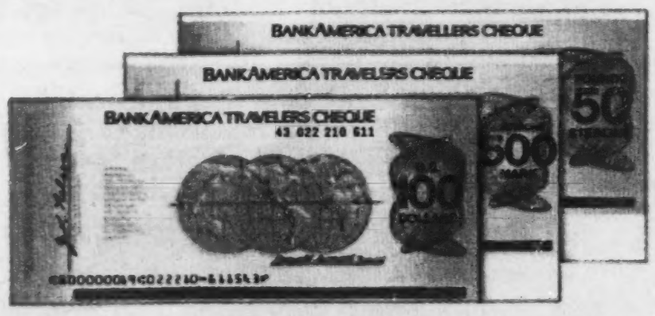

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LARGEST HOLIDAY SAVINGS CLUBS OF 1982

BANKS WITH CLUB PAYOUTS OVER $1,000,000

Compiled by American Banker from Data Previousiy Published in Our Column

Name of Bank	Distribution 1982 $	Distribution 1981 $	Number of Accounts 1982	Number of Accounts 1981	Major Type of Account Offered(a) 1982	Major Type of Account Offered(a) 1981	Most Common Payment Schedule(b) 1982	Most Common Payment Schedule(b) 1981
Bank of America NT&SA, San Francisco	114,063,236	121,061,538	248,232	266,112	E	C	F	F
Chemical Bank, New York	42,776,022	36,286,916	103,240	93,914	C	C	W	W
Wells Fargo Bank NA, San Francisco	29,661,148	30,888,214	66,855	75,667	E	E	B	B
Bank of New York	27,868,881	25,279,764	85,004	81,543	C	C	W	W
Bank of Hawaii, Honolulu	16,827,337	13,904,723	48,216	40,379	C	C	B	B
Crocker National Bank, San Francisco	16,000,000	16,000,000	48,000	48,000	C	C	M	M
European Amer. B & T Co., New York	15,006,716	14,599,225	35,755	35,340	C	C	W	W
People's Svgs Bk-Bridgeport, Conn	13,143,950	12,597,056	36,568	36,541	C	C	W	W
Chase Manhattan Bank NA, New York	12,163,013	8,796,515	21,036	17,432	E	E	M	M
American Bank & Trust Co., Reading, Pa.	11,220,674	10,532,983	35,779	36,525	C	C	B	B
National Community Bk, Rutherford, N.J.	10,416,291	8,305,757	32,207	28,720	C	C	W	W
Citibank NA, New York	10,400,000	15,900,000	30,700	46,200	C	C	B	B
Dime Savings Bank of New York	10,305,780	10,932,959	28,206	33,041	P	P	W	F
First Eastern Bank NA, Wilkes-Barre, Pa.	9,880,149	9,552,697	31,841	34,329	C	C	W	W
Williamsburgh Svgs Bk, Brooklyn, N.Y.	9,788,814	9,506,026	29,325	34,059	P	C	W	W
Key Bank NA, Albany, N.Y.	9,243,734	7,729,947	29,251	23,955	C	C	W	W
Beneficial Savings Bank, Philadelphia	9,200,000	9,200,000	30,607	32,700	C	C	W	W
Hamilton Bank, Lancaster, Pa.	9,193,943	8,318,433	29,077	28,993	C	C	F	F
United Jersey Bank, Hackensack, N.J.	9,104,874	8,444,100	19,536	21,060	C	C	W	W
New Jersey Bank, West Paterson	8,410,753	7,810,343	22,974	22,600	C	C	W	W
American National Bank, Morristown, N.J.	8,300,000	8,830,000	35,144	45,525	P	P	F	F
Hudson City Savings Bank, Paramus, N.J.	7,829,500	5,824,800	27,300	19,800	P	P	F	F
Merchants National Bank, Mobile, Ala.	7,827,438	7,893,829	32,240	22,028	C	C	W	W
First Hawaiian Bank, Honolulu	7,205,855	7,144,832	27,183	23,620	C	C	B	B
First Interstate Bank of Nevada, Reno	6,854,790	7,044,015	14,881	18,730	C	C	W	W
Provident Savings Bank, Jersey City, N.J.	6,853,503	7,212,065	19,282	21,984	C	C	W	W
Colonial Bank, Waterbury, Conn.	6,727,999	6,557,200	21,264	22,254	C	C	W	W
United Penn Bank, Wilkes-Barre, Pa.	6,500,000	6,600,000	24,500	25,000	C	C	W	W
Howard Savings Bank, Newark, N.J.	6,453,099	7,052,107	18,454	24,074	P	P	W	W
First Jersey National Bank, Jersey City.	6,434,000	N.A.	29,000	N.A.	C	C	W	W
Northeastern Bank, Scranton, Pa.	6,417,897	5,970,434	19,878	19,402	C	C	W	W
Germantown Svgs Bank, Bala-Cynwd, Pa.	6,325,424	6,241,724	18,339	19,725	C	C	W	W
Fulton Bank, Lancaster, Pa.	6,263,389	6,399,532	14,345	15,464	C	C	B	B
First N. St. Bk. of S. Jersey, Pleasantville	6,200,000	6,157,789	23,635	24,124	C	C	W	W
York Bank & Trust Co., Pa.	6,026,187	5,903,592	15,343	15,703	C	C	W	W
Citizens Savings Bank, Providence, R.I.	5,995,916	5,890,802	19,135	21,270	C	C	W	W
Albany Savings Bank, N.Y.	5,799,131	5,938,255	19,583	28,118	P	P	W	W
First Seneca Bank, Oil City, Pa.	5,477,291	5,011,365	17,428	22,187	C	C	F	F
Peoples Westchester SB, Tarrytown, NY	5,299,758	5,282,775	17,990	20,828	P	P	W	W
Citizens National Bank, Evansville, Ind.	5,291,719	4,867,867	8,274	8,634	E	E	W	W
Central Jersey Bank & Trust Co., Freehold	5,289,130	5,307,355	16,054	16,783	C	C	W	W
Piedmont Trust Bank, Martinsville, Va.	5,265,899	4,521,488	9,335	9,627	C	C	W	W
Gallatin National Bank, Uniontown, Pa.	5,183,713	4,440,858	20,409	20,503	C	C	W	W
Central Penn National Bank, Philadelphia	5,000,000	5,144,912	16,500	17,772	C	C	W	W
Fidelity Bank, Philadelphia	4,939,677	5,152,524	15,109	16,001	C	C	W	W
First National Bank, Columbia, S.C.	4,907,632	4,828,884	12,598	14,732	E	E	B	B
Marine Bank, Erie, Pa.	4,844,303	2,256,455	18,142	9,986	C	C	W	W
Dauphin Deposit B&T Co., Harrisburg, Pa.	4,840,608	5,085,083	15,745	17,190	C	C	B	B
Equibank, Pittsburgh	4,705,265	5,113,479	13,999	15,975	C	C	B	B
Old Stone Bank, Providence, R.I.	4,528,970	5,769,737	14,147	18,123	C	C	W	W
Fleet National Bank, Providence, R.I.	4,514,668	4,575,526	15,622	16,530	C	C	W	W
Manhattan Savings Bank, New York	4,446,787	4,263,089	15,813	15,463	P	P	W	W
Union Trust Co., Stamford, Conn.	4,164,160	4,130,840	10,964	12,739	C	C	W	W
Green Point Svgs Bank, Brooklyn, N.Y.	4,075,715	4,113,644	13,347	14,324	P	P	W	W
National City Bank, Cleveland	4,068,362	4,155,545	13,123	16,447	C	C	B	B
Bank of Commerce, New York	3,963,579	3,575,390	10,491	9,786	C	C	W	W
Bank of Pennsylvania, Reading	3,870,448	3,842,191	10,383	11,613	P	P	B	B
Key Bank of Central New York, Syracuse	3,764,907	3,617,231	13,236	12,482	C	C	W	W
First Pennsylvania Bank, Philadelphia	3,703,110	4,011,520	13,117	14,616	C	C	W	W
Merchants Bank, Allentown, Pa.	3,653,145	3,721,778	11,958	12,695	C	C	W	W
Huntington Nat'l Bank, Columbus, Ohio	3,565,347	3,979,381	11,933	15,826	C	C	B	B
Maryland National Bank, Baltimore	3,550,405	3,699,750	14,286	17,426	C	C	W	W
State National Bank, Bridgeport, Conn.	3,442,062	3,354,767	10,394	10,814	C	C	W	W
Morris Cty. Svgs Bk, Morristown, N.J.	3,400,122	3,326,453	9,009	9,440	P	P	W	W
Union National Bank, Pittsburgh	3,387,828	3,601,009	15,134	16,912	C	C	B	B
Citizens First Nat'l Bank, Ridgewood, N.J.	3,306,244	3,162,873	9,213	10,059	C	C	W	W
Wilmington Trust Co., Del.	3,149,208	3,155,831	8,304	9,004	E	E	M	M
Dollar Svgs & Tr Co., Youngstown, Ohio	3,107,560	3,260,655	9,651	10,599	C	C	F	F
American Security Bank, Honolulu	3,063,376	3,231,731	11,694	12,502	C	C	B	B
Genesee Merchants B&T Co., Flint, Mich.	3,056,907	2,819,740	14,506	13,902	C	C	B	B
Midlantic NB/Merchants, Neptune, N.J.	3,038,433	3,047,096	9,962	9,554	C	C	W	W
Delaware Trust Co., Wilmington	3,012,615	2,923,762	8,563	8,537	C	C	W	W
Plymouth-Home NB, Brockton, Mass.	2,997,992	3,045,582	11,297	12,815	C	C	W	W
Staten Island Savings Bank, New York.	2,952,000	2,948,000	9,142	10,023	P	P	W	W
First-Citizens Bk & Tr Co., Raleigh, N.C.	2,905,571	2,432,838	8,820	8,532	S	S	M	M
Home & City Savings Bank, Albany, N.Y.	2,887,899	2,837,617	11,910	15,094	P	P	W	W
Security Trust Co., Rochester, N.Y.	2,879,748	2,921,927	11,160	12,371	C	C	W	W
United States Nat'l Bank, Portland, Ore.	2,831,385	2,855,221	9,656	9,998	C	C	B	B
United National Bank, Plainfield, N.J.	2,802,858	2,773,491	6,278	6,546	C	C	W	W
Midlantic NB/Citizens, Englewood, N.J.	2,741,000	2,819,000	7,455	8,670	C	C	W	W
New Haven Savings Bank, Conn.	2,703,747	2,566,696	9,607	10,191	C	C	W	W
Suburban Bank, Bethesda, Md.	2,632,685	2,741,635	8,837	9,666	C	C	B	B
Orange Savings Bank, Livingston, N.J.	2,588,321	2,617,090	10,974	8,662	P	P	F	F
Chemung Canal Trust Co., Elmira, N.Y.	2,587,194	1,909,280	9,677	9,320	C	C	W	W
South Carolina Nat'l Bank, Columbia	2,541,443	2,776,709	10,742	11,357	C	C	W	W
American Nat'l B & T Co., Mobile, Ala.	2,510,796	2,447,610	6,728	6,837	C	C	W	W
First Alabama Bank of Montgomery NA	2,490,000	2,687,000	8,000	9,500	C	C	F	W
First Valley Bank, Bethlehem, Pa.	2,472,601	2,656,760	7,027	9,922	C	C	B	B
Pennbank, Titusville, Pa.	2,397,220	1,839,915	17,085	11,836	C	C	F	F
Central Counties Bank, State College, Pa.	2,362,040	2,783,636	7,411	9,898	C	C	W	W
Springfield Institution for Savings, Mass.	2,358,566	N.A.	12,254	N.A.	C	C	W	W
Easton Nat'l Bank & Trust Co., Pa.	2,353,031	2,315,511	7,437	7,852	C	C	W	W
Guaranty Bank & Trust Co., Lafayette, La.	2,300,325	2,038,286	6,646	6,284	C	C	W	W
Peninsula Nat'l Bank, Cedarhurst, N.Y.	2,214,529	1,885,309	6,238	5,334	C	C	W	W
Golden State Sanwa Bk, San Francisco	2,184,309	N.A.	6,411	N.A.	C	...	B	...
Third National Bank, Nashville, Tenn.	2,154,378	2,636,759	5,467	7,209	C	C	B	B
New Bedford Institution for Svgs, Mass	2,134,527	1,975,271	7,018	7,169	P	P	F	F
Greater New York Savings Bank	2,092,000	2,343,000	9,057	10,271	P	P	W	W
First Nat'l Exchange Bank, Roanoke, Va.	2,080,121	2,263,098	9,658	10,910	C	C	W	W
Mid-State Bank & Trust Co., Altoona, Pa.	2,071,894	2,282,524	8,010	9,118	C	C	B	B
Northwest Bank, Oil City, Pa.	2,041,660	2,616,675	8,459	9,849	C	C	W	W
Schenectady Trust Co., N.Y.	2,010,562	1,869,233	6,787	6,613	C	C	W	W
Liberty Nat'l Bk & Tr Co., Louisville, Ky.	2,003,820	2,070,205	8,253	8,983	C	C	W	W
Community Svgs Bank, Rochester, N.Y.	1,999,962	2,075,239	6,125	6,553	P	P	F	F
Southern Bk & Tr Co., Greenville, S.C.	1,966,000	1,703,000	6,250	8,100	C	C	B	B
Eastern Savings Bank, Scarsdale, N.Y.	1,958,000	1,952,000	6,083	6,518	P	P	W	W
Provident National Bank, Philadelphia	1,892,513	1,945,575	6,653	7,230	C	C	W	W
Peoples NB of Central Jersey, Piscataway	1,880,805	1,741,946	5,817	6,081	C	C	W	W
Amoskeag Svgs Bank, Manchester, N.H.	1,841,830	2,027,720	7,046	8,450	P	P	F	F
First National Bank, Kenosha, Wis.	1,832,190	1,757,897	7,680	7,559	C	C	W	W
United Bank & Trust Co., Hartford, Conn.	1,794,743	1,393,295	7,288	5,591	C	C	W	W
National Savings Bank, Albany, N.Y.	1,785,975	1,785,990	6,565	8,743	P	P	F	F
Indiana National Bank, Indianapolis	1,774,934	1,819,310	4,826	5,177	P	P	B	B
Bristol Savings Bank, Conn.	1,731,875	1,699,368	7,112	7,914	C	C	W	W
Bank of Smithtown, N.Y.	1,724,521	1,468,828	4,886	4,549	C	C	W	W
Home Savings Bank, White Plains, N.Y.	1,695,012	1,662,344	4,592	4,819	C	C	W	W
First National Bank of Columbus, Ga.	1,690,175	1,557,845	5,615	5,539	C	C	W	W
M&I American Bk & Tr Co., Racine, Wis.	1,690,000	1,909,000	2,724	3,198	C	C	W	W
Hamburg Savings Bank, Brooklyn, N.Y.	1,670,819	1,630,884	5,218	5,509	P	P	W	W
Union Svgs Bank of L.I., Patchogue, N.Y.	1,661,158	1,296,856	6,273	5,293	C	C	W	W
Monroe Savings Bank, Rochester, N.Y.	1,649,763	1,272,395	5,254	3,772	C	C	W	W
Riverhead Savings Bank, N.Y.	1,630,540	639,478	8,424	2,545	C	C	W	W
City Bank, Honolulu	1,600,000	1,900,000	4,600	5,600	C	C	B	B
Hancock Bank, Gulfport, Miss.	1,574,917	1,581,791	6,221	7,356	C	C	W	W
Harter Bank & Trust Co., Canton, Ohio	1,564,509	1,930,487	5,679	8,991	C	C	W	W
Essexbank, Peabody, Mass.	1,535,091	1,605,276	4,587	5,312	C	C	W	W
Preston State Bank, Dallas	1,500,000	1,346,845	4,931	3,816	C	C	F	F
Riggs National Bank, Washington, D.C.	1,493,318	1,506,273	5,165	5,180	C	C	B	B
Mercantile Trust Co. NA, St. Louis	1,478,600	1,399,800	4,425	4,337	C	C	W	W
First NB of Bradford Cty., Towanda, Pa.	1,460,191	1,347,604	4,867	4,971	C	C	W	W
National City Bank, Evansville, Ind.	1,406,609	1,396,637	3,488	3,867	C	C	F	F
Casco Bank & Trust Co., Portland, Me.	1,376,714	1,453,873	4,542	5,251	C	C	W	W
Colonial-American NB, Roanoke, Va.	1,375,955	1,364,471	4,474	5,000	C	C	W	W
Midland Bank & Trust Co., Paramus, N.J.	1,372,537	1,289,792	3,546	3,402	C	C	W	W
Pacesttter B&T Co-W, Grand Haven, MI	1,367,984	1,295,878	3,934	4,249	C	C	W	W
Bankers Tr Co of Western NY, Jamestown	1,365,473	1,363,812	4,136	4,623	C	C	W	W
Bloomfield Savings Bank, N.J.	1,354,400	1,353,400	5,476	5,716	C	C	W	W
Old National Bank, Evansville, Ind.	1,342,111	1,275,534	3,520	3,371	C	C	F	F
Pawtucket Savings & Trust Co., R.I.	1,306,268	1,186,933	4,570	4,666	C	C	W	W
New England SB, New London, Conn.	1,305,857	854,975	5,220	3,960	C	C	W	W
Auburn Savings Bank, N.Y.	1,302,782	1,108,084	4,853	4,123	C	C	W	W
Savings Bank of Utica, N.Y.	1,300,000	1,262,000	5,300	6,600	C	C	W	W
Kanawha Vall'y Bk NA, Charlest'n, W.Va.	1,294,358	1,326,088	3,803	4,189	C	C	W	W
New Britain National Bank, Conn.	1,259,102	943,321	3,912	3,441	C	C	W	W
National Bank of Boyertown, Pa.	1,249,662	1,367,480	4,146	5,177	C	C	B	B
Liberty Bank, Honolulu	1,243,987	1,353,071	4,175	5,251	P	P	M	M
Connecticut Savings Bank, New Haven.	1,230,455	1,320,328	4,361	5,227	P	P	F	F
First Buckeye Bank NA, Mansfield, Ohio	1,228,447	1,293,387	4,219	4,987	C	C	F	F
Centerre Bank NA, St. Louis, Mo.	1,223,932	1,360,048	2,436	4,072	P	P	B	B
BancOne of Connecticut, Bridgeport	1,222,285	1,114,084	5,135	4,247	P	P	W	W
Central Fidelity Bank NA, Lynchburg	1,210,520	3,410,197	3,911	12,967	C	C	W	W
College Point Savings Bank, Queens, N.Y.	1,200,000	1,150,000	5,069	5,029	P	P	W	W
Kanawha B&T Co. NA, Charlest'wn, W.Va.	1,179,000	1,129,000	3,000	3,000	C	C	W	W
Fifth Third Bank, Cincinnati	1,168,587	1,222,663	4,693	5,395	C	C	W	W
Manufacturers National Bank of Detroit	1,162,090	1,247,000	5,014	5,446	C	C	B	B
Georgia Railroad Bk & Tr Co., Augusta	1,140,760	1,176,047	3,795	3,272	S	S	F	F
First Source Bank, South Bend, Ind.	1,136,971	1,217,218	5,579	6,448	C	C	B	B
Muskegon Bank & Trust Co., Mich.	1,126,986	1,099,601	3,563	3,684	C	C	F	F
Second National Bank, Warren, Ohio	1,116,793	1,240,731	3,147	3,831	C	C	W	W
Binghamton Savings Bank, N.Y.	1,099,355	1,100,515	3,507	3,834	P	P	F	F
American Svgs Bank, New Britain, Conn.	1,084,413	1,014,663	2,676	2,651	P	P	W	W
Berkshire Bk & Tr Co., Pittsfield, Mass.	1,072,537	967,761	3,025	3,168	C	C	W	W
Gary National Bank, Ind.	1,069,040	1,266,302	5,041	6,328	C	C	B	B
Merchants National Bank, Muncie, Ind.	1,037,526	1,170,862	5,396	6,797	C	C	W	W
Hudson Cty Svg Institution, Hudson, N.Y.	1,011,120	949,939	4,055	3,988	P	P	W	W
Mechanics Bank, Worcester, Mass.	1,008,241	959,370	2,334	2,658	C	C	W	W
Bank of New Hampshire NA, Manchester	1,003,385	889,173	2,855	2,728	C	P	W	W

(a)—Major account type:C-Coupon Book; P-Passbook; S-Statement Account; E-Electronic Funds Transfer.
(b)—Payment Schedule: W-Weekly; B-Bi-Weekly; F-Flexible (at depositor's discretion).
(N.A.)-Not Available.

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Credit Unions' Holiday Club Payouts Experience Growth in 1982

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payouts rose by only 1.9%.

At the savings and loan associations surveyed, holiday club payouts rose by only 2% in 1982, after rising 7.1% in 1981. Prior to 1982, the smallest gain in club payouts by S&Ls, as recorded by the American Banker, was 2.9% in 1980.

However, at the credit unions surveyed, holiday club payouts rose 14% in 1982, after rising 16.3% in 1981. The American Banker began collecting holiday club data from credit unions in 1981.

Reasons for the Divergence in Growth

The major reason for the small increases in club payouts at commercial banks, savings banks, and savings and loan associations last year was the high level of interest rates on competing savings investments. These savings vehicles attracted funds that otherwise might have gone into club accounts.

Another reason for the sizable growth of credit union club payouts compared with those of the other groups was that 72% of the accounts in the survey (21 credit unions) are payroll deduction or statement accounts. In contrast, 77% of the bank club accounts in the survey (127 banks) are coupon books. Payroll deductions virtually guarantee that participants complete their club payments.

Survey Details

Findings of the American Banker annual survey of holiday clubs are based on data from 164 commercial and mutual savings banks that provided figures for both 1981 and 1982 and that had club payouts exceeding $1 million in both years. These banks had total disbursements of $810 million in 1982 compared with $797 million in 1981. Included are disbursements to Christmas club, Chanukah, and all other holiday accounts.

The 164 banks also showed a 4.6% decline in the number of Christmas club accounts — from 2,495,718 in 1981 to 2,380,996 in 1982. However, the average payout per account rose 5.8% — up from $319.37 in 1981 to $338 last year.

Twenty-nine savings and loan associations reported total payouts of $64.6 million last year, a gain of 2% from $63.3 million in 1981. In 1981, the 47 S&Ls surveyed posted a 7.1% gain in holiday club payouts.

These associations had 225,754 holiday club accounts last year, a drop of 2% from 230,600 accounts the previous year.

The average payout per account at these S&Ls rose 4.2% in 1982 — reaching $286.08 last year as compared to $274.55 in 1981.

Twenty-nine credit unions reported total disbursements from club accounts of $31.6 million, an increase of 14% from the 1981 total of $27.7 million. In 1981, the holiday club payout rose 16.3% for the credit unions surveyed.

Twenty-eight credit unions provided data on their holdiay club accounts for both 1982 and 1981. They had 80,464 holiday club accounts last year, a gain of 6.5% from the 75,570 accounts in 1981.

The average payout per account rose 9.6% to $377.59 from $344.38 in 1981.

The Largest Banks

Among the banks surveyed, the Bank of America NT&SA, San Francisco, remained in first place in the size of holiday club payouts last year. Its payout totaled $114.1 million, down 5.8% from $121.1 million in 1981.

Chemical Bank, New York, again was

in second place, with $42.8 million — up 17.9% from $36.3 million a year earlier. Wells Fargo Bank NA, San Francisco, moved from fifth to third place, with $29.7 million compared to $30.9 million in 1981.

The Bank of New York moved up three places to fourth, with $27.9 million — up 10.3% from $25.3 million the year before. The Bank of Hawaii, Honolulu, moved from 13th to 5th place with an increase of 20.9% in club

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Lobby . . .

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rate," Mr. Murphy said. The franchise tax on banks is 12%, one of the highest in the nation; and banks in New York City pay an additional city tax of 13.8% for a combined tax rate of 25.8%. Other businesses pay a 10% corporate franchise tax and a 9% corporate income tax, totaling 19%.

Mr. Murphy said discussions will be held with the legislature to see if some type of differentiation could be worked out on the surcharge and the 12% vs. 10% franchise tax.

"We think that, instead of 18% and 17%, some lower differential would be very helpful to banking because it would give us a signal that there is recognition of our underlying problem."

Another area that has not been seriously looked at but came up for discussion by the bankers involves the tax on state and local bonds. Banks pay full tax on income derived from their portfolios of state and local bonds and other indebtedness in New York, while individuals owning New York obligations receive exemption, Mr. Murphy pointed out. If an exemption for banks could be phased in, it would help to right the inequities in terms of taxation and probably result in lower borrowing costs to localities and the state, he said.

Largest Trust Providers

New York's commercial banks are the largest providers of trust services in the nation, Mr. Murphy declared, managing approximately $140 billion in trust assets. "The pricing of these vital services is antiquated and non-uniform. New York State is one of six states which still has a statutory fee system where the legislature sets pricing standards in the trust business." He said reform was long overdue and said the bankers support a "reasonable fee" statute whereby every fiduciary would price its own product, determined by cost and competition.

A number of modernization measures are needed in several areas, specifically consumer credit, to simplify and diversify activities. Banks should be able to offer a full range of variable-rate consumer loan products, similar to the new mortgage and bank deposit products, Mr. Murphy said. He called for modification in the limits on the size of loans and offering of a second mortgage on a revolving credit basis.

The association also continues to support legislation allowing state-chartered savings banks to convert into stock form. Such action would open the way for inter-industry mergers and acquisitions as well as conversion from one form of institution to another.

Another area that came up for considerable discussion was the recommendation of the Heimann Commission giving insurance companies leeway to get into the banking business. "We will not oppose such legislation as long as banks receive the ability to offer insurance services at the same time," Mr. Murphy declared. "Commercial banks around the state, particularly smaller community and regional banks, will be at a further disadvantage if, in addition to Sears, American Express, and others, they have to compete with New York Insurance companies as supermarkets of financial services.

Any legislation expanding insurance company powers should also provide that banks be permitted to engage in insurance agency, brokerage and underwriting activities, the bankers indicated. Associaiton members also asserted their support of amendments to the federal Glass-Steagall Act to allow banks to underwrite revenue bonds and other money market funds.

The association will hold its mid-winter meeting on Jan. 27 at the Waldorf Astoria Hotel. ■

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California . . .

Continued from page 2

sale legislation in 1983," said Mr. Bonta.

Instead, he added, "the burden will be on the California Association of Realtors to sponsor legislation which lenders will undoubtedly oppose."

Legislative Turmoil

The legislature will be in turmoil this year, according to most observers. To begin with, it has a new Republican governor, George Deukmejian, but he is just about the only Republican in Sacramento in a position of power. Both houses of the legislature are controlled by Democrats, and most other elected officials are Democrats.

The state faces a massive, $1.5 billion budget deficit this fiscal year, according to the new governor. The state controller, Kenneth Cory, estimates the deficit as closer to $2 billion. Last week in his State of the State address to the legislature, Mr. Deukmejian proposed spending cuts of $750 million in this fiscal year and covering the rest of his projected deficit by borrowing from private lenders and paying back in the next fiscal year, when revenues are expected to be higher.

His proposals, however, are running into trouble in the legislature. It is expected that much of this year's legislative activity will be consumed with the budget.

Meanwhile, the California Bankers Association said it is not taking an official position on Mr. Deukmejian's California budget proposals.

A Los Angeles newspaper had reported that the California BA was ready to say that the governor's plan to issue registered warrants to cover some of the state's projected deficit was unacceptable.

At its regular board meeting last [illegible] the California BA said it has [illegible] taken a position on the warrants [illegible] does it intend to," a spokesman said.

Also increasing turmoil in Sacramento is a legislative fight over reapportionment.

The California BA has on its agenda only a handful of bills to introduce, none of which are likely to run into heavy opposition.

These include a bill to modernize and improve upon the fiduciary investment standard (known as the prudent man rule) and some relatively minor changes in trust law. Also planned is a bill to conform state law on bankers acceptances to federal law as well as a measure on mobile home lending. A miscellaneous "cleanup bill" is also expected. ■

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